

AN ORDINANCE 2006-06-01-0651

**AUTHORIZING AN AMENDMENT TO THE TAX
ABATEMENT AGREEMENT WITH MILLENNIUM STEEL
OF TEXAS, L.P. INCREASING THE MINIMUM PER HOUR
WAGE REQUIRED TO BE PAID BY THE COMPANY TO
\$11.03 AND INCREASING THE PERCENTAGE AMOUNT OF
ABATED AD VALOREM TAXES FROM 80% TO 100%.**

* * * * *

WHEREAS, Ordinance No. 101023, passed and approved on June 16, 2005, authorized the execution of sixteen Tax Abatement Agreements with Toyota Tier 1 Suppliers locating at the Toyota Supplier Park; and

WHEREAS, through the Agreements and in accordance with the Tax Phase-In Guidelines of the City of San Antonio, suppliers that agree to pay employees no less than \$9.06 per hour received an 80% abatement of ad valorem taxes and those that agree to pay employees not less than \$11.03 per hour received a 100% abatement of ad valorem taxes; and

WHEREAS, Millennium Steel of Texas, L.P. ("Millennium") received an 80% abatement of ad valorem taxes for a term of ten (10) years based upon City staff's evaluation of Millennium's tax phase-in application and their commitment to pay all employees at least \$9.06 per hour; and

WHEREAS, City staff received a request from Millennium to consider amending the terms of the Tax Phase-In Agreement by increasing the percentage of abated ad valorem taxes from 80% to 100% based upon Millennium's agreement to pay its employees no less than \$11.03; and

WHEREAS, such an amendment is consistent with incentives offered to Toyota Tier 1 Suppliers and all other terms and conditions of the Agreement shall remain in full force and effect; **NOW THEREFORE**;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The First Amendment to the Millennium Steel of Texas, L.P. Tax Abatement Agreement reflecting an increase in: a) the minimum per hour wage of employees from \$9.06 to \$11.03; and b) the percentage of abated ad valorem taxes from 80% to 100% is hereby authorized. A copy of the Amendment in substantially final form is attached hereto and made a part of this Ordinance as Exhibit A. A copy of the fully executed Amendment will be attached to this Ordinance and will replace Exhibit A.

SECTION 2. The City Manager or her designee is hereby authorized to execute the First Amendment to the Millennium Steel of Texas, L.P. Tax Abatement Agreement in accordance with this Ordinance.

SECTION 3. This Ordinance shall become effective on and after the tenth (10th) day after passage.

PASSED AND APPROVED this 1st day of June 2006.



M A Y O R

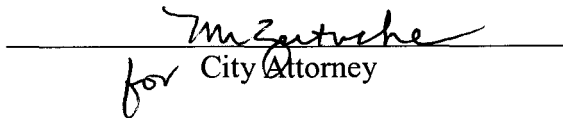
PHIL HARDBERGER

ATTEST:



City Clerk

APPROVED AS TO FORM:



for City Attorney

EXHIBIT A

FIRST AMENDMENT TO THE TAX PHASE-IN AGREEMENT

BETWEEN THE CITY OF SAN ANTONIO, MILLENIUM STEEL OF TEXAS, L.P. AND TOYOTA TSUSHO AMERICA, INC.

This FIRST AMENDMENT to the TAX PHASE-IN AGREEMENT (this "Amendment") is entered into, pursuant to Ordinance Number _____ passed and approved on _____, 200_, by and among the CITY OF SAN ANTONIO ("City"), MILLENIUM STEEL OF TEXAS, L.P. and TOYOTA TSUSHO AMERICA, INC. together referred to as "the SUPPLIERS."

RECITALS

- A. City and Millennium Steel of Texas, L.P. and Toyota Tsusho America, Inc. are parties to that certain Tax Phase-In Agreement entered into pursuant to Ordinance 101023 passed and approved on June 16, 2005 and executed by all Parties on _____, 2005 (the "Agreement").
- B. Prior to the effectiveness of this Amendment, the Agreement, in accordance with Article 5, Section B, required Millennium Steel of Texas, L.P. and Toyota Tsusho America, Inc. to pay one-hundred percent (100%) of employees hired under the terms of the Agreement \$9.06.
- C. Prior to the effectiveness of this Amendment, the Agreement, in accordance with Article 6, Section C, required the City to abate eighty-percent (80%) of the ad valorem taxes for the real and personal property improvements including inventory and supplies, above the Base Year Value, during the Term of the Agreement.
- D. City and Millennium Steel of Texas, L.P. and Toyota Tsusho America, Inc. desire to amend the Agreement as stated in this Amendment.
- E. All other provisions of the Agreement remain in force.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Agreement, the receipt and adequacy of which are hereby acknowledged, City and Millennium Steel of Texas, L.P. and Toyota Tsusho America, Inc. hereby agree as follows:

1. Definitions. All capitalized terms used in this Amendment without definition herein shall have the meanings assigned to such terms in the Agreement.
2. Amendments. The Amendment is hereby amended as follows:

(A) Article 5, Section B is hereby deleted in its entirety and replaced with the following:

Wage Requirement. SUPPLIER covenants and agrees that it shall pay at least one hundred percent (100%) of its employees eleven dollars and three cents (\$11.03) per hour as of the time City Council of CITY authorized execution of this Agreement.

(B) Article 6, Section C is hereby deleted in its entirety and replaced with the following:

Additional Conditions and Tax Phase-In Percentage. Provided that SUPPLIER has invested in the Property real and personal property improvements by January 1, 2007, SUPPLIER has hired the number of employees specified in Article 5, Paragraph A of this Agreement, SUPPLIER pays at least the minimum wages required under Article 5, Paragraph B of this Agreement, SUPPLIER uses the Property for its Business Activities, and SUPPLIER is otherwise in compliance with the conditions of this Agreement, then one-hundred percent (100%) of the ad valorem taxes for the real and personal property improvements including inventory and supplies, above the Base Year Value, shall be abated during the Term. There shall be no abatement of taxes for the underlying land value.

3. Effective Date. This Amendment shall be effective upon its execution.
4. No Other Changes. Except as specifically set forth in Section 2 of this Amendment, all of the terms and conditions of the Agreement shall remain the same and are hereby ratified and confirmed. The Agreement, as amended by this Amendment, shall continue in full force and effect, and the Agreement, as amended by this Amendment, shall be read and construed as one instrument.
5. Choice of Law. This Amendment shall be construed in accordance with and governed by the laws of the State of Texas.
6. Counterparts. This Amendment may be executed in any number of counterparts, but all such counterparts shall together constitute but one instrument. In making proof of this Amendment it shall not be necessary to produce or account for more than one counterpart signed by each party hereto by and against which enforcement hereof is sought.

Signatures appear on next page.

IN WITNESS HEREOF, the parties hereto have executed in duplicate originals this Amendment on the _____ day of _____ 200_.

CITY OF SAN ANTONIO
a municipal corporation

MILLENIUM STEEL OF TEXAS, L.P.
a limited partnership

Sheryl L. Sculley
City Manager

Name:
Title:

ATTEST:

TOYOTA TSUSHO AMERICA, INC.

Leticia Vacek
City Clerk

Name:
Title:

APPROVED AS TO FORM:

Michael D. Bernard
City Attorney